

Message Text

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ACTION EUR-12

INFO OCT-01 IO-13 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02
SS-15 USIA-06 AID-05 COME-00 EB-07 FRB-03 TRSE-00
XMB-02 OPIC-03 LAB-04 EPG-02 SIL-01 OMB-01 /099 W
-----085060 161022Z /16

R 151744Z JUL 77

FM AMEMBASSY MADRID
TO SECSTATE WASHDC 1068
INFO AMEMBASSY BONN
AMEMBASSY BRUSSELS
AMEMBASSY COPENHAGEN
AMEMBASSY THE HAGUE
AMEMBASSY LISBON
AMEMBASSY LONDON
AMEMBASSY OSLO
AMEMBASSY PARIS
USMISSION NATO
USMISSION GENEVA

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USOECD, USEEC AND AMEMBASSY BRUSSELS

E.O. 11652: N/A
TAGS: PINT, EGEN, EFIN, ELAB, SP
SUBJECT: SOCIALISTS HIT LACK OF CONSULTATION ON GOS ECONOMIC PROGRAM

REF: MADRID 5347 (NOTA)

1. HARD ON THE HEELS OF ITS INITIAL CAUTIOUSLY POSITIVE
REACTION TO THE GOVT'S ECONOMIC RECOVERY PLAN (REFTEL), THE
PSOE HAS DENOUNCED THE LACK OF CONSULTATION WITH THE
OPPOSITION. IN A FRONT-PAGE EDITORIAL IN ITS ORGAN EL
SOCIALISTA (JULY 17 ISSUE), THE PSOE CHARGED THAT DESPITE
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GOVT PROMISES (THROUGH VICE PRESIDENT FOR ECONOMIC
AFFAIRS FUENTES QUINTANA) TO NEGOTIATE THE TERMS OF
ITS ECONOMIC PROGRAM WITH THE OPPOSITION, THIS DID NOT
OCCUR AND THEY WERE REPRESENTED WITH A FAIT ACCOMPLI.
ONLY AS "AN INEVITABLE DIPLOMATIC GESTURE" HAD SUAREZ
INFORMED FELIPE GONZALEZ SHORTLY BEFORE THE ANNOUNCEMENT
WAS MADE ON JULY 11.

2. BRIEF HIGHLIGHTS FOLLOW: THE GRAVITY OF THE QUESTION LIES NOT SO MUCH IN THE FAIT ACCOMPLI OF THE DEVALUATION, AS IN THE AFCT THAT IT SETS INTO MOTION THE COMPLETE STABILIZATION MECHANISM WHICH THE GOVT HAS PRESENTED IN THE ATTRACTIVE WRAPPINGS OF FISCAL REFORM. THE GOVT COULD HAVE DISCUSSED THE FULL IMPLICATIONS OF THE DEVALUATION AND OTHER "COMPLEMENTARY MEASURES" WITH THE FORCES OF THE OPPOSITON - ESPECIALLY WITH THE TRADE UNIONS. WHAT HAPPENS NOW IF THE TRADE UNIONS REFUSE TO ACCEPT THE RIGORS OF THESE MEASURES? THE EDITORIAL NOTES THE COMPLETE ABSENCE OF CONTROLS (MEANING PRICES) AND GUARANTEES FOR THE WORKING CLASS. THE NATION WOULD LOOK MORE FAVORABLY ON A MORE EXTENSIVE PLAN THAN MERE STABILIZATION, A PLAN THAT INCLUDED SUCH OMITTED ITEMS AS REFORM OF THE PUBLIC SECTOR, ANTI-MONOPOLISTIC LEGISLATION, PLANT REFORM, A STATUTE FOR FOREIGN INVESTMENTS, ETC.

3. THE DISTINGUISHED POLITICAL COLUMNIST LUIS APOSTUA NOTED THAT ONE MUST REVISE THE INITIAL OPTIMISM REGARDING THE ACCEPTANCE OF THE GOVT'S ECONOMIC PROGRAM. (WE NOTE THE OPTIMISM WAS MOSTLY PUBLIC, IN PRIVATE NO ONE EVER THOUGHT IT WOULD BE EASY.) APOSTUA ALSO ATTACHES CONSIDERABLE SIGNIFICANCE TO THE FACT THAT THE PSOE BROUGHT IN THE TRADE UNION ISSUE (SEE ALSO MADRID 5342). HOWEVER, APOSTUA -- HINTING AT BEHIND LIMITED OFFICIAL USE

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THE SCENES DISCUSSIONS -- SEES A POSSIBLE SOLUTION IN SOME OF THE ADDITIONAL MEASURES SUGGESTED BY THE PSOE, AND NOTES THAT IT IS PREMATURE TO SPEAK OF ANY CRISIS REGARDING ACCEPTANCE OF THE ECONOMIC PLAN UNTIL THE DETAILS ARE MADE KNOWN AND DISCUSSED.

4. THE SOCIALISTS HAVE DEEMED IT POLITICALLY WISE TO ESTABLISH THIS PUBLIC POSTURE OF DISAGREEMENT. THIS DOES NOT MEAN THAT PRIVATELY THE SOCIALISTS MIGHT NOT TACITLY AGREE WITH MUCH OF THE GENERAL OUTLINES OF THE ECONOMIC PLAN, NOR THAT THEY MIGHT BE WILLING TO OVERTLY SUPPORT ELEMENTS OF IT, BUT IT IS A REMINDER THAT THEY WILL NOT SHARE THE POLITICAL BURDEN WITH THE GOS. THEY WILL OBVIOUSLY PRESS FOR ADJUSTMENTS IN THE PLAN, PARTICULARLY ANYTHING THAT CAN BE PORTRAYED AS EASING LABOR'S BURDEN. STABLER

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Copy: SINGLE
Sent Date: 15-Jul-1977 12:00:00 am
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Decapton Note:
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Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
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Disposition History: n/a
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Disposition Remarks:
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